

ASSEMBLY BILL

No. 976

Introduced by Assembly Member Emmerson

February 18, 2005

An act to amend Section 1367.18 of the Health and Safety Code, and to amend Section 10123.7 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 976, as introduced, Emmerson. Orthotic and prosthetic devices.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of the act a crime. Existing law regulates health insurers by the Department of Insurance. Existing law requires health care service plans and health insurers to provide coverage for orthotic and prosthetic devices.

This bill would require a health care service plan and health insurer to provide coverage for orthotic and prosthetic devices for children under 18 years of age so that copayments, deductibles, prior authorization requirements, and lifetime or annual benefit caps may not exceed conditions applicable to other benefits. The bill would also require that orthotic and prosthetic devices be furnished by a physician and surgeon or a certified orthotist or prosthetist, as defined, when furnished to children under 18 years of age.

Because a violation of the bill relating to health care service plans would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.

Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1367.18 of the Health and Safety Code
2 is amended to read:

3 1367.18. (a) Every health care service plan, except a
4 specialized health care service plan, that covers hospital, medical,
5 or surgical expenses on a group basis shall offer coverage for
6 orthotic and prosthetic devices and services under the terms and
7 conditions that may be agreed upon between the group subscriber
8 and the plan. Every plan shall communicate the availability of
9 that coverage to all group contractholders and to all prospective
10 group ~~contract holders~~ *contractholders* with whom they are
11 negotiating. Any coverage for prosthetic devices shall include
12 original and replacement devices, as prescribed by a physician
13 *and surgeon*. Any coverage for orthotic devices shall provide for
14 coverage when the device, including original and replacement
15 devices, is prescribed by a physician *and surgeon*, or is ordered
16 by a licensed health care provider acting within the scope of his
17 or her license. Every plan shall have the right to conduct a
18 utilization review to determine medical necessity prior to
19 authorizing these services.

20 (b) *Every health care service plan, except a specialized health*
21 *care service plan, that covers hospital, medical, or surgical*
22 *expenses on a group basis shall offer coverage for children*
23 *under 18 years of age for orthotic and prosthetic devices and*
24 *services under the terms and conditions that may be agreed upon*
25 *between the group subscriber and the plan that meets the*
26 *following requirements:*

27 (1) *Copayments, deductibles, prior authorization*
28 *requirements, lifetime or annual benefit caps, and coinsurance*
29 *conditions that are applicable to orthotic and prosthetic devices*
30 *may not exceed conditions applicable to other benefits.*

1 (2) *The plan shall communicate the availability of that*
2 *coverage to all group contractholders and to all prospective*
3 *group contractholders with whom they are negotiating.*

4 (3) *Coverage for prosthetic devices shall include original and*
5 *replacement devices, as prescribed by a physician and surgeon,*
6 *and furnished by a physician and surgeon or certified prosthetist,*
7 *as defined in Section 14132.63 of the Welfare and Institutions*
8 *Code.*

9 (4) *Coverage for orthotic devices shall be provided when the*
10 *device, including original and replacement devices, is prescribed*
11 *by a physician and surgeon or is ordered by a licensed health*
12 *care provider acting within the scope of his or her license, and is*
13 *furnished by a physician and surgeon or certified orthotist, as*
14 *defined in Section 14132.63 of the Welfare and Institutions Code.*

15 (5) *The plan shall have the right to conduct a utilization*
16 *review to determine medical necessity prior to authorizing these*
17 *services.*

18 SEC. 2. Section 10123.7 of the Insurance Code is amended to
19 read:

20 10123.7. (a) On or after January 1, 1986, every insurer
21 issuing group disability insurance which covers hospital,
22 medical, or surgical expenses shall offer coverage for orthotic
23 and prosthetic devices and services under such terms and
24 conditions as may be agreed upon between the group
25 policyholder and the insurer. Every insurer shall communicate
26 the availability of that coverage to all group policyholders and to
27 all prospective group policyholders with whom they are
28 negotiating. Any coverage for prosthetic devices shall include
29 original and replacement devices, as prescribed by a physician
30 *and surgeon*. Any coverage for orthotic devices shall provide for
31 coverage when the device, including original and replacement
32 devices, is prescribed by a physician *and surgeon*, or is ordered
33 by a licensed health care provider acting within the scope of his
34 or her license. Every insurer shall have the right to conduct a
35 utilization review to determine medical necessity prior to
36 authorizing these services.

37 (b) *Every health insurer shall offer coverage for children*
38 *under 18 years of age for orthotic and prosthetic devices and*
39 *services under the terms and conditions that may be agreed upon*

1 *between the group policyholder and the insurer, that meets the*
2 *following requirements:*

3 *(1) Copayments, deductibles, prior authorization*
4 *requirements, lifetime or annual benefit caps, and coinsurance*
5 *conditions that are applicable to orthotic and prosthetic devices*
6 *may not exceed conditions applicable to other benefits.*

7 *(2) The insurer shall communicate the availability of that*
8 *coverage to all group policyholders and to all prospective group*
9 *policyholders with whom they are negotiating.*

10 *(3) Coverage for prosthetic devices shall include original and*
11 *replacement devices, as prescribed by a physician and surgeon.*

12 *(4) Coverage for orthotic devices shall be provided when the*
13 *device, including original and replacement devices, is prescribed*
14 *by a physician and surgeon, or is ordered by a licensed health*
15 *care provider acting within the scope of his or her license, and is*
16 *furnished by a physician and surgeon or a certified orthotist, as*
17 *defined in Section 14132.63 of the Welfare and Institutions Code.*

18 *(5) The insurer shall have the right to conduct a utilization*
19 *review to determine medical necessity prior to authorizing these*
20 *services.*

21 SEC. 3. No reimbursement is required by this act pursuant to
22 Section 6 of Article XIII B of the California Constitution because
23 the only costs that may be incurred by a local agency or school
24 district will be incurred because this act creates a new crime or
25 infraction, eliminates a crime or infraction, or changes the
26 penalty for a crime or infraction, within the meaning of Section
27 17556 of the Government Code, or changes the definition of a
28 crime within the meaning of Section 6 of Article XIII B of the
29 California Constitution.